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UNCLAS SECTION 01 OF 02 BAKU 000741

SIPDIS

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SUBJECT: SOCAR EXPLAINS AZERBAIJAN-TURKMENISTAN OIL AND GAS CONFERENCE, BAKU, SEPT 9-10

REF: A. BAKU 717

1B. BAKU 383

1C. IIR 6 941 0063 08

1D. ASHGABAT 817

1E. ASHGABAT 958

11. (SBU) Summary: SOCAR's Vice President told Embassy officers that the September 9-10 Azerbaijan-Turkmenistan joint oil and gas conference will be light on debate and heavy on official presentations, much like former Soviet exhibitions. This format, Azerbaijan believes, will ensure Turkmenistan's participation and continue the trend of improving bilateral relations. Key conversation, the SOCAR executive said, must take place on the margins, where delegations can be more candid. Azerbaijan's and Turkmenistan's delegations will likely be led at the First Deputy Prime Minister level. End Summary

"Exhibition, Not Conference"

12. (SBU) Embassy Officers met July 29 with State Oil Company of Azerbaijan (SOCAR) Vice President Elshad Nassirov to discuss plans for the proposed September 9-10 Azerbaijan-Turkmenistan joint oil and gas conference, which will take place in Baku. Nassirov emphasized the unique nature of the conference, which will involve an official delegation from Ashgabat traveling to Azerbaijan for participation. Until recently, Nassirov noted, such a joint conference could not have been possible, as Azerbaijan and Turkmenistan, struggling with Caspian Sea delimitation issues, conflicting claims on oil and gas fields and energy debts, had cut official relations. Over the past year or more - since the death of the former Turkmen President Niyazov - that relationship has been on the mend, despite continuing unresolved issues and several bumps and bruises along the way (reflets).

13. (SBU) Nassirov explained that the September event would be more an "exhibition," like oil and gas shows during Soviet times, than a conference in a Western context. Officials from each side will be invited to make comments, without taking questions from the audience. There will not likely be roundtables or open debate, Nassirov said, but rather "lots of booths with posters and literature." This format is necessary, Nassirov said, to ensure Turkmenistan's participation. Key conversations, he underscored, will take place on the margins, aside from the official program.

Not for Discussion

14. (SBU) Nassirov added that several key issues would not be on the table for discussion, including Caspian Sea delimitation, production proposals for the disputed

Kyapaz-Serdar field and management of oil revenues. Embassy officers noted that without these issues the conference agenda could be rather short. Nassirov said that with Turkmenistan "we must take one step at a time." He emphasized that the conference would be a "discussion of resources." Looking at his visitors, he also suggested that participants refrain from raising human rights and democracy issues related to Turkmenistan at the conference.

Participants

15. (SBU) Nassirov said that Presidents would not likely participate in the conference, as it would be highly unlikely for President Berdimuhamedov to travel to Baku again so quickly. (The Turkmen President visited Azerbaijan in late spring; President Aliyev has not yet traveled to Ashgabat.) Nassirov expects the conference to be led at the First Deputy Prime Minister level, with DPM Tachberdy Tagiyev leading the delegation from Ashgabat. Nassirov said that European and American officials and company representatives will be invited, including those involved in the Nabucco pipeline project. The SOCAR Vice President also said that GazProm and "the Vice President of the National Iranian Gas Company" would be invited.

Follow Up - USG Delegation

16. (SBU) Following the meeting with SOCAR, Embassy officers sent the following list of U.S. officials to the MFA as recommendations for participation:

BAKU 00000741 002 OF 002

C. Boyden Gray, U.S. Department of State Special Envoy for Eurasian Energy
Daniel Fried, U.S. Department of State, Assistant Secretary for European Affairs
Richard Boucher, U.S. Department of State, Assistant Secretary for South and Central Asia
Samuel Bodman, U.S. Secretary of Energy
Anne Derse, U.S. Ambassador to Azerbaijan
Sylvia Curran, Charge d'Affaires, U.S. Embassy Ashgabat

Alternates and/or additions will be accepted. These names, according to MFA, have been forwarded to the Ministry of Energy and conference organizers.

Private Sector Participation

17. (U) The Embassy has also been in contact with ITECA, which is organizing the conference. Private sector parties should contact ITECA as follows:

ITECA
Nigar Muradkhanli
Conference Manager
Tel: 994 12 447 4774
Fax: 994 12 447 8998
email: conference@iteca.az

Registration and participation are free of charge.

18. (SBU) Comment: The conference - or exhibition -- stands as a watershed event for Azerbaijan and Turkmenistan. The bilateral relationship is still less than perfect and Caspian delimitation issues remain, but the two sides are forming a working relationship on offshore natural gas production and export. Major agreements and/or contracts are unlikely to be signed at this event, but, with Turkmenistan, Azerbaijan and Nabucco partners in the same room for two days, progress on production and transit could be made, as President Aliyev has demanded by year's end.

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